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Rev. Proc. 86-13

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Magnetic Tape Reporting for Forms W-4

Department of the Treasury
Internal Revenue Service
Publication 1245 (Rev. 3-86)

T22.23a:

READEX FICHE

26 CFR 601.602: Tax forms and instructions. (Also Part 1, Sections 3402, 6001, 6361; 31.3402(b)-1, 31.3402(f)(5)-1, 31.3402(h)(4)-1, 31.3402(p)-1, 31.6001-5.)

Rev. Proc. 86-13

PART A—GENERAL

SECTION 1. PURPOSE

.01 The purpose of this revenue procedure is to update Rev. Proc. 84-41, 1984-1 C.B. 515, concerning the requirements and conditions for submitting certain Forms W-4, Employee's Withholding Allowance Certificates, on magnetic tape instead of filing paper returns. All employers are required to send to the Internal Revenue Service copies of all Forms W-4 submitted by their employees who claim the following:

(a) 15 or more withholding allowances, or

(b) exempt status and usually earn more than $200 a week at the time the Form W-4 was filed.

Form W-4 information may be filed on magnetic tape and sent monthly to IRS.

SEC. 2. NATURE OF CHANGES

The following changes have been included in this revenue procedure:

.01 Part A, Sec. 8 has been revised to show transfer of magnetic media processing from all service centers to the Internal Revenue Service National Computer Center in Martinsburg, WV, effective JANUARY 1, 1986. References to service center filing and magnetic media coordinators at the service centers have been corrected throughout.

.02 Part B, Sec. 1 has been revised to identify which types of tape files are compatible with current processing equipment.

.03 In Part B, Sec. 1.03 a requirement has been added that recording code information is to be shown on the external tape label.

.04 In Part B, the following fields have been deleted from the W-4 Magnetic Tape Record: Number of W-4's Submitted, previously in positions 159-163; Employer Name Line 3, previously in positions 249-283; Employer Name Line 4, previously in positions 284-318; and the field for "IRS USE," previously in positions 396-400. The record length has been shortened to a total of 320 positions, and the remaining fields have been renumbered accordingly. Maximum block size is now 3,200 characters.

.05 In Part B, under Description and Remarks for the Student Status Field in position 149 of the W-4 Magnetic Tape Record, the remarks have been revised to indicate that if student status is not claimed, or if there is no entry, a blank will be entered.

.06 In Part B, under Description and Remarks for the Allowances field in positions 150 and 151 of the W-4 Magnetic Tape Record, the remarks have been revised to indicate that if there is no entry, or if the employee claimed exempt status, blanks will be entered.

PLEASE ENSURE THAT YOUR PROGRAM IS UPDATED TO INCORPORATE THE ABOVE CHANGES.

SEC. 3. APPLICATION FOR MAGNETIC MEDIA REPORTING

.01 Tape reporting is not restricted to employers with the ability to submit all their information on magnetic tape; a combination of tape records and paper documents is acceptable as long as there is no duplication or omission of documents.

.02 Employers or transmitters who desire to file statements in the form of magnetic tape must file a letter of application on Form 4419, Application for Magnetic Media Reporting of Information Returns. See Part A, Sec. 8 for information on where to file.

The letter of request must contain the following:

(a) Name, address, and employer identification number of the person, organization, or entity making the request.

(b) Name, title, and telephone number of the person to contact regarding the request.

(c) Estimate of the number of Forms W-4 to be reported in tape format, and the number, if any, expected to be reported on copies of paper Forms W-4.

(d) Type and nature of equipment to be used to prepare the tape such as manufacturer and model of the mainframe and tape drives, tape width (½", ¾", etc.), density (characters per inch), recording code (BCD, Excess 3, Octal, etc.).

(e) Signature of the official responsible for the preparation and submission of Forms W-4 to the Service.

.03 The Service will act on applications and notify applicants of authorization to file or of disapproval within 30 days of receipt of an application. No magnetic tape returns may be filed with the Service until authorization to file is received.

.04 Only employers or transmitters using equipment which can produce tape files meeting the specifications in Part B, Sec.1, will have their applications approved.

.05 In general, once authorization to file on magnetic tape has been granted, such approval will continue in effect in succeeding years, providing that the requirements of this revenue procedure are met and there are no equipment changes by the employer or transmitter. However, new applications are required whenever any of the following situations arise:

(a) If the users change from equipment producing compatible tapes.

(b) If the users submit tapes that are not listed as compatible.

(c) If the users discontinue tape reporting for one or more quarters then decide to resume this method of reporting.

SEC. 4. FILING DATES

.01 Magnetic tape reporting of Forms W-4 to the Service must be at least quarterly (monthly reporting is encouraged) following the quarter ending due dates below:

Period Covered	Due Date
Jan. 1 thru March 31	April 30
Apr. 1 thru June 30	July 31
July 1 thru Sept. 30	October 31
Oct. 1 thru Dec. 31	January 31

SEC. 5. FILING OF MAGNETIC MEDIA REPORTS

.01 Packaging, shipping, and mailing instructions will be provided by the Service to all approved filers within 45 days of the granting of approval. A magnetic tape reporting package, which includes all necessary transmittals and

labels, will be mailed to all approved filers.

.02 Employers or transmitters may submit a portion of their Forms W-4 information on magnetic tape and the remainder on paper forms, provided there is NO DUPLICATE FILING. A cover letter that includes the employer's name, address, employer identification number, and number of Forms W-4 being submitted must accompany all paper Forms W-4 sent to the Service. Form 6466, Transmittal of Magnetic Tape of Form W-4, Employee's Withholding Allowance Certificate, must be used to transmit magnetic tape shipments.

.03 The affidavit that appears on Form 6466 for tape submission must be signed by the employer, the transmitter, service bureau, or disbursing agent who must:

(a) have the authority to sign the affidavit under an agency agreement (either oral, written, or implied) that is valid under State law; and

(b) have the responsibility (either oral, written, or implied) conferred on it by the employer to request taxpayer identification numbers of employees reported on magnetic tape or paper returns; and

(c) sign the affidavit and add the caption "For: (name of employer)."

.04 Although a duly authorized agent signs the affidavit, the employer is held responsible for the accuracy of Forms W-4 contained on magnetic tape.

.05 EMPLOYERS MUST SEND PAPER FORMS W-4 WITH THE REQUIRED COVER LETTER TO THE INTERNAL REVENUE SERVICE CENTER TO WHICH THEY FILE FORMS 941. Magnetic Media files must be submitted to the Internal Revenue Service National Computer Center in Martinsburg, WV, as prescribed in Part A, Sec. 8.

SEC. 6. PROCESSING OF MAGNETIC MEDIA STATEMENTS

.01 THE MAGNETIC TAPE SPECIFICATIONS CONTAINED IN PART B OF THE REVENUE PROCEDURE MUST BE STRICTLY ADHERED TO. If files are unprocessable, they will be returned to the filer for correction and resubmission of tapes or for submission of copies of paper Forms W-4. Corrected files must be submitted to the Service as soon as possible. If the delay will be more than two weeks, contact the magnetic media coordinator for instructions.

.02 The Service will process the information from the original tapes and will return the original tapes to the employer. Normally tapes will be returned either within three months after the quarterly due date for submission to the Service or within three months after actual receipt of acceptable tapes, whichever is later.

SEC. 7. EFFECT ON PAPER DOCUMENTS

.01 Magnetic tape reporting to the Service eliminates the need to submit copies of paper Forms W-4. However, employers must maintain the original Forms W-4 for their records.

.02 If part of the Forms W-4 are reported on magnetic tape and the remainder are reported on paper forms, those paper statements must be filed on the prescribed forms.

SEC. 8. ADDITIONAL INFORMATION

.01 Beginning JANUARY 1, 1986, magnetic media processing for all service centers will be centralized at the Internal Revenue Service National Computer Center in Martinsburg, WV. Functions previously performed by the magnetic media coordinators at the service centers will be performed at the National Computer Center.

.02 All magnetic media files forwarded on or after JANUARY 1, 1986, must be submitted to the Internal Revenue Service National Computer Center at the address shown below. In addition, all correspondence or contacts regarding magnetic media related forms, publications, information and applications for reporting on magnetic media must be directed to:

Magnetic Media Reporting
P.O. Box 1359
Internal Revenue Service
National Computer Center
Martinsburg, WV 25401-1359

.03 Only MAGNETIC MEDIA reporting is to be submitted to the National Computer Center. ALL PAPER FORMS W-4 WILL CONTINUE TO BE SENT TO THE APPROPRIATE SERVICE CENTER.

PART B—MAGNETIC TAPE SPECIFICATIONS

SECTION 1. GENERAL

.01 These specifications prescribe the required format and content of the records to be included in the file but not the methods or equipment to be used in their preparation. Usually, the Service will be able to process, without translation, any compatible tape file. To be compatible, a tape file must meet all of the following specifications:

(a) Type of tape—½ inch Mylar base, oxide coated

(b) Interrecord Gap—¾ inch

(c) Recording Code—9 track ASCII (American Standard Coded Information Interchange) with:

(1) Odd parity, and

(2) A density of 800, 1600, or 6250 BPI (bits per inch).

.02 Conversion facilities are currently available for the following tapes:

(a) Recording Code—9 track EBCDIC (Extended Binary Coded Decimal Interchange Code) with:

(1) Odd parity, and

(2) A density of 800, 1600, or 6250 BPI.

(b) Recording Code—7 track BCD (Binary Coded Decimal) with:

(1) Even or odd parity, and

(2) A density of 556 or 800 BPI.

.03 The employer or the transmitter must affix an external label to each tape with the following information:

(a) Name of transmitter

(b) Number of data records on that reel

(c) Recording Code (ASCII, EBCDIC or BCD)

(d) Density (556, 800, 1600, or 6250 BPI)

(e) Track (7 or 9)

(f) Parity (odd or even)

(g) Manufacturer and model of main frame and tape drives

(h) Sequence number of reel and total number of reels in the file (for example, 1 of 3, 2 of 4)

.04 All records, including Header and Trailer Labels (if used), must be transmitted at the same density.

.05 Do not submit an employee W-4 record without the required employer identification information. Every record must contain both employee and employer data.

SEC. 2. LABEL CONVENTIONS

.01 Header Labels, Trailer Labels,

Record Marks, and Tape Marks are all optional. They may be used as required by the transmitter's equipment or programming. If used they must conform to the following standards:

(a) Header Labels

(1) Transmitters may use standard headers, provided they begin with 1HDR, HDR1, VOL1 or VOL2.

(2) Header labels may not exceed 80 characters in length.

(b) Trailer Labels

(1) Standard trailer labels may be used provided that they begin with 1EOR, 1EOF, EOR1, or EOF1.

(2) Trailer labels may not exceed 80 characters in length.

(c) Record Marks

(1) Special character used to separate blocked records on tape.

(2) Can be written only at the end of a record or block.

(3) All records are of uniform length; therefore, record marks are not necessary on this file. However, if you choose to use record marks, for odd parity tapes, use BCD bit configuration of 011010—for even parity, use 111010.

(d) Tape Marks

(1) Used to signify the physical end of the recording on tape.

(2) Tape marks, if used, must be BCD configuration 001111 in even parity.

(3) May follow the header label and precede and/or follow the trailer label.

SEC. 3. RECORD LENGTH AND BLOCKING

.01 Tape records prescribed in the specifications may be blocked or unblocked, subject to the following:

(a) All data records are of a fixed length of 320 positions.

(b) All records may be blocked, except header and trailer labels.

(c) If blocking is used (more than one record per block), the desired blocking factor is ten records per block. At no time may a block contain more than 3,200 characters, but a smaller block size may be used if necessary. If sufficient records are not available for a full block, the remainder should be "padded" with 9s to fill all unused positions. Do not pad the block with blanks or create blank records.

RECORD NAME: W-4 MAGNETIC TAPE RECORD

Tape Position	Field Title	Length	Description and Remarks
1-9	Employee Social Security Number (SSN)	9	Required. Must be the valid 9-digit number assigned to the employee. DO NOT ENTER HYPHENS, ALPHA CHARACTERS, ALL 9s or ALL ZEROES.
10-44	Employee Name Line 1	35	Required. Enter the name of the employee whose SSN appears in tape positions 1-9. Enter the complete name in the following order: first name, middle name (if present), and surname. (Use initials for the first and middle names where necessary to insure that the entire employee surname fits in tape positions 10-44.) If fewer than 35 characters are required, left justify and fill unused positions with blanks. ALLOWABLE CHARACTERS ARE ALPHAS, HYPHENS, BLANKS, A MINIMUM OF ONE AND A MAXIMUM OF TWO CARETS (<). (1) A blank must be surrounded by alphas or continued to the end of the field (for example, a␣b . . . ␣, a␣ba). (2) Hyphens must be surrounded by alphas and must never occur in the first position of a name unless immediately followed by a caret. A hyphen in the first position is to identify an employee with surname only. (3) A caret is used to define an internal name control. It must immediately precede the employee surname in place of the blank. A second caret is used to separate a suffix from the surname (for example, JOHN J.<BLACK; BILL<OAK<JR; AMY FERN<BROWN<DECD).
45-79	Employee Name Line 2	35	Optional. This line is designated for an "in care of" (%) situation. Left justify and fill with blanks. ALLOWABLE CHARACTERS ARE ALPHAS, BLANKS, NUMERICS, AMPERSANDS, HYPHENS, AND SLASHES. Note: Same exceptions as mentioned in employee name line 1. A percent sign (%) is not valid—use % if necessary.

Tape Position	Field Title	Length	Description and Remarks
80-114	Employee Street Address	35	Required. Enter street address of employee. Left justify and fill unused positions with blanks. ALLOWABLE CHARACTERS ARE ALPHAS, BLANKS, NUMERICS, AMPERSANDS, HYPHENS AND SLASHES. Position one is an alpha or numeric; hyphens and slashes are surrounded by alphas; ampersands are surrounded by blanks.
115-139	Employee City	25	Required. Enter city of employee. Left justify and fill unused positions with blanks. If foreign address, enter city and country. ALLOWABLE CHARACTERS ARE ALPHAS, BLANKS, NUMERICS, AND HYPHENS. Position one is an alpha or numeric; hyphens are surrounded by alphas or numerics.
140-141	Employee State	2	Required. Enter the two character state code of employee—must be one of the following:

State	Code
Alabama	AL
Alaska	AK
Arizona	AZ
Arkansas	AR
California	CA
Colorado	CO
Connecticut	CT
Delaware	DE
District of Columbia	DC
Florida	FL
Georgia	GA
Guam	GU
Hawaii	HI
Idaho	ID
Illinois	IL
Indiana	IN
Iowa	IA
Kansas	KS
Kentucky	KY
Louisiana	LA
Maine	ME
Maryland	MD
Massachusetts	MA
Michigan	MI
Minnesota	MN
Mississippi	MS
Missouri	MO
Montana	MT
Nebraska	NE
Nevada	NV
New Hampshire	NH
New Jersey	NJ
New Mexico	NM
New York	NY
North Carolina	NC
North Dakota	ND
Ohio	OH
Oklahoma	OK

Tape Position	Field Title	Length	Description and Remarks
			Oregon OR Pennsylvania PA Puerto Rico PR Rhode Island RI South Carolina SC South Dakota SD Tennessee TN Texas TX Utah UT Vermont VT Virgin Islands VI Virginia VA Washington WA West Virginia WV Wisconsin WI Wyoming WY Foreign Address XX
142-146	Employee ZIP Code	5	Required. Enter ZIP Code of employee. Fill with blanks if unavailable. ALLOWABLE CHARACTERS ARE FIVE (5) NUMERICS OR FIVE (5) BLANKS. Enter first five (5) digits if more than five digits are present. Blank fill *only* if you are unable to ascertain the ZIP Code.
147	Marital Status	1	Required. Enter appropriate code from the table below: Marital Status Designated — Code Single — S Married — M Married, withhold at single rate — W No marital status designated — A
148	Exempt Status	1	Required. Enter "E" if employee claims exempt status; otherwise, blank.
149	Student Status	1	Required. If full-time student status is claimed, enter the alpha "Y"; if not, or no entry, enter blank.
150-151	Allowances	2	Required. Must be a two (2) digit numeric field corresponding to the number of allowances claimed by employee. (It is not necessary to file this W-4 with the Service if the number of allowances is less than fifteen (15) and exempt status is not claimed.) If no entry, or employee claimed exempt status, enter blanks. If entry is greater than 99, enter 99.
152-158	Additional Amount of Withholding	7	Required. Enter numerics only. Enter the additional amount of withholding each pay period. Field is dollars and cents. Right justify and zero fill. Do not enter dollar signs, commas, decimal points, or negative numbers. If no entry, zero-fill.
159-164	W-4 Date	6	Required. Enter date located on signature line of W-4. If no date entered, generate current system date. Format as MMDDYY where MM = 01-12, DD = 01-31, and YY = 82, 83, etc. Exempt Status W-4 (1983 and subsequent)—Compare "year effective date" on Line 6B to signature date. If year entered on Line 6B is later than signature date, use W-4 date as a 01/01 receipt for

RECORD NAME: W-4 MAGNETIC TAPE RECORD—(Continued)

Tape Position	Field Title	Length	Description and Remarks
			subsequent calendar year (e.g., Line 6B of Form W-4 shows an exempt status date of 1984 but signature date is 10/30/83, use 01/01/84 as Form W-4 date.)
165-173	Employer Identification Number	9	Required. The 9 digit number assigned to the employer by IRS. DO NOT ENTER HYPHENS, ALPHA CHARACTERS, ALL 9s or ALL ZEROES.
174-208	Employer Name Line 1	35	Required. Enter the name of the employer as it appears on your employment tax forms (e.g., Form 941). Any extraneous information must be deleted from this name line. Left justify and fill with blanks. ALLOWABLE CHARACTERS ARE ALPHAS, BLANKS, NUMERICS, AMPERSANDS, HYPHENS AND SLASHES. Position one is an alpha or numeric; hyphens and slashes are surrounded by alphas—ampersands are surrounded by blanks.
209-243	Employer Name Line 2	35	Optional. If the employer name requires more space than is available in Employer Name Line 1, enter the remaining portion of the name in this field. Left justify and fill with blanks. ALLOWABLE CHARACTERS ARE ALPHAS, BLANKS, NUMERICS, AMPERSANDS, HYPHENS, AND SLASHES. Position one is an alpha or numeric; hyphens and slashes are surrounded by alphas—ampersands are surrounded by blanks.
244-278	Employer Street Address	35	Required. Enter street address of employer. Left justify and fill unused positions with blanks. ALLOWABLE CHARACTERS ARE ALPHAS, BLANKS, NUMERICS, AMPERSANDS, HYPHENS, AND SLASHES. Position one is an alpha or numeric; hyphens and slashes are surrounded by alphas—ampersands are surrounded by blanks.
279-303	Employer City	25	Required. Enter city of employer. Left justify and fill unused positions with blanks. If foreign address, enter city and country. ALLOWABLE CHARACTERS ARE ALPHAS, BLANKS, NUMERICS, AND HYPHENS. Position one is an alpha or numeric, hyphens are surrounded by alphas; blanks are surrounded by alphas or numerics or continued to the end of the field.
304-305	Employer State	2	Required. Enter State Code of Employer. Must be one of the state abbreviations shown above in the state abbreviation table for Employee State (Tape Positions 140-141).
306-310	Employer ZIP Code	5	Required. Enter ZIP Code of Employer. ALLOWABLE CHARACTERS ARE FIVE (5) NUMERICS OR FIVE (5) BLANKS. Enter first five (5) digits if more than five digits are present. Blank fill *only* if you are unable to ascertain Employer's ZIP Code.
311-315	Transmitter Control Code	5	Required. Enter 5-digit Transmitter Control Code (TCC) assigned by the Service.
316	"BLANK" Representation	1	Required. Enter character used to represent a blank.

RECORD NAME: W-4 MAGNETIC TAPE RECORD—(Continued)

Tape Position	Field Title	Length	Description and Remarks
317	"HYPHEN" Representation	1	Required. Enter character used to represent a hyphen.
318	"SLASH" Representation	1	Required. Enter character used to represent a slash.
319	"AMPERSAND" Representation	1	Required. Enter character used to represent an ampersand.
320	"CARET" Representation	1	Required. Enter character used to represent a caret.

SEC. 4. EFFECT OF OTHER DOCUMENTS

Rev. Proc. 84-41 is superseded.

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